

STATISTICAL BRIEF #134

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Employer-Sponsored Single, Employee-Plus-One, and Family Health Insurance Coverage: Selection and Cost, 2004

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Introduction

Health insurance provided by employers is a key source of coverage for both employees and their families. In 2004, more private sector employees obtained non-single coverage health insurance (a plan covering the employee and at least one other family member) through their employers than single, self-only coverage. According to the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), those employees with non-single coverage contributed both a larger dollar amount and a larger percentage of the total premium for their coverage than did employees with single coverage.

Non-single health insurance plans encompass two types of coverage: family coverage and employee-plus-one coverage. Prior to 2001, MEPS-IC only collected information on family coverage plans. Information relating to coverage for a family of four was collected in cases where multiple pricing levels were offered to employees. Beginning in 2001, separate data were also collected for employee-plus-one coverage. Not all employers who offer family coverage provide the alternative of an employee-plus-one policy for employees with just one family member to insure. However, when available for the same level of benefits, employee-plus-one plan premiums are less expensive than family plans.

This Statistical Brief presents estimates on the selection and cost of single, employee-plus-one, and family health insurance coverage in 2004. Only differences that are statistically significant at the 0.05 significance level are discussed in the text.

Findings

Among employees obtaining health insurance through their private sector employers in 2004, more were enrolled in non-single coverage (a plan covering one or more family members or dependents in addition to the employee) than those enrolled in single coverage. Of those employees enrolled in health insurance plans, 47.3 percent (28.8 million employees) had single coverage, 17.4 percent (10.6 million employees) had employee-plus-one coverage, and 35.2 percent (21.4 million employees) had family coverage (figure 1).

Highlights

- In 2004, the average annual family coverage premiums (\$10,006) were much higher than those for employee-plus-one coverage (\$7,056), which in turn were much higher than single coverage premiums (\$3,705). Compared with those with single coverage, employees with non-single coverage also contributed a larger amount toward their premium both in terms of dollars and percentage of total premium cost.
- Premiums in 2004 increased by 6.4 percent for single coverage, 6.2 percent for employee-plus-one coverage, and 8.2 percent for family coverage over the prior year (2003), continuing a trend of increasing premiums observed each year since the start of the survey in 1996.
- In 2004, 47.3 percent of private sector employees with health insurance through their employer were enrolled in single coverage plans versus 52.7 percent who were enrolled in non-single coverage plans. About one-third of employees with non-single coverage were in employee-plus-one plans.
- For both large and small employers, employees with single coverage were much more likely to not have to contribute toward their plan's premium than employees with non-single coverage. Overall, 23.7 percent of those enrolled in single plans did not contribute toward the premium cost compared with 14.7 percent of those with family coverage and 9.5 percent of those with employee-plus-one coverage.

Employees in large private sector firms, those with 50 or more employees, were more likely to have enrolled in non-single coverage (55.0 percent) than in single coverage (45.0 percent) (figure 1). However, the reverse was true for small firms, those with fewer than 50 employees, where the portion of enrollments in single plans (56.4 percent) was larger than in non-single plans (43.6 percent).

A comparison with 2003 data* indicates that premiums in 2004 increased by 6.4 percent for single coverage, 6.2 percent for employee-plus-one coverage, and 8.2 percent for family coverage over the prior year, continuing a trend of increasing premiums observed each year since the start of the survey in 1996. (Percentages are not shown in figures.) The percentage increases were the smallest increases reported by the MEPS-IC survey since 1998.

There were large differences between the average total premium costs for single, employee-plus-one, and family plans. Single coverage premiums averaged \$3,705 per year compared with \$7,056 for employee-plus-one premiums and \$10,006 for family premiums (figure 2). The average premium for employee-plus-one coverage in small firms was 5.4 percent higher than the comparable coverage for large firms. There were no statistically significant differences in the average single and family premiums between small and large firms.

Premium costs for employer-based coverage may be paid completely by the employee, paid in part by the employer and in part by the employee, or paid completely by the employer. While 23.7 percent of private sector employees with single coverage were enrolled in a plan that did not require them to contribute toward the premium cost, only 14.7 percent of employees with family coverage and 9.5 percent of those with employee-plus-one coverage were in such a plan (figure 3). For both large and small employers, employees with single coverage were much less likely to contribute toward their plan premium than those with non-single coverage.

In 2004, employees of small firms were much less likely to contribute to their premium than those in large firms. In small firms, 53.2 percent of those with single coverage did not contribute to their premium (figure 3). For large firms, that was true for only 14.4 percent of employees. The comparable figures for employee-plus-one coverage were 26.1 percent (small firms) versus 6.4 percent (large firms) and for family coverage 39.8 percent (small firms) versus 9.4 percent (large firms).

As with the premiums, the average annual contribution by an employee toward that premium was much larger for family coverage (\$2,438) than for employee-plus-one coverage (\$1,667) or single coverage (\$671) (figure 4). These averages include all employees who enrolled in these employer-sponsored plans. Employee contributions toward single coverage were 23.1 percent lower in small firms than large firms (\$547 versus \$711). In contrast, employee contributions toward employee-plus-one coverage were 16.9 percent higher for employees in small firms (\$1,899) compared with large firms (\$1,624). Employee contributions for family coverage did not vary significantly between small and large firms (\$2,456 versus \$2,434).

Employees with non-single coverage not only contribute a larger dollar amount toward their health insurance premium than do employees with single coverage, they also pay a greater percentage of the total premium cost. Those with family and employee-plus-one coverage contributed 24.4 and 23.6 percent, respectively, of the cost of their premium, while employees with single coverage contributed 18.1 percent (figure 5). Large firms' employees paid 19.3 percent of the single premium, while small firms' employees paid 14.5 percent. For employee-plus-one coverage, the reverse was true. The large firms' employees paid 23.2 percent of the premium, while employees of small firms paid 25.8 percent. For family coverage, there was no significant difference between the percentage of the premiums paid by enrolled employees (24.3 percent for large firms compared with 24.8 percent for small firms).

Data Source

The statistics in this brief are estimates from the 2004 MEPS-IC. All information comes from tables that are available on the MEPS Web site (www.meps.ahrq.gov). While this brief is limited to a discussion of private sector statistics, tables are also published containing information on health insurance for State and local government employees.

* Numbers are derived from 2003 premiums reported in Statistical Brief #90 (<http://www.meps.ahrq.gov/papers/st90/stat90.pdf>).

Definitions

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee or retiree for an agreed-upon fee (premium) for a defined benefit period.

Employee

A person on the actual payroll. Excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

Firm

A business entity consisting of one or more business establishments under common ownership or control. A firm represents the entire organization, including the company headquarters and all divisions, subsidiaries, and branches. A firm may consist of a single-location establishment, in which case the establishment and firm are identical.

Premium

Agreed-upon fee paid for coverage of medical benefits for a defined benefit period, usually a calendar year. Premiums can vary based on a variety of factors, such as services covered, amounts of deductibles and co-pays, location of firm, and demographics of the workforce.

Single coverage

Health insurance that covers the employee only.

Employee-plus-one coverage

Health insurance that covers the employee plus one family member at a lower premium level than family coverage. This family member could be a spouse or a child. If premiums differed for employee-plus-spouse and employee-plus-child coverage, information for employee-plus-child was reported.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offered more than one pricing level for family coverage, information for a family of four was reported.

Non-single coverage

Health insurance that covers at least one person in addition to the employee. Both employee-plus-one coverage and family coverage are included in this category.

About MEPS-IC

MEPS-IC is a survey of business establishments and governments that collects information on employer-sponsored health insurance, such as whether insurance is offered, enrollments, types of plans, and premiums. The survey is conducted annually by the U.S. Census Bureau under the sponsorship of the Agency for Healthcare Research and Quality. The yearly response rate has averaged 78 percent for in-scope sample units. Approximately 4 percent of the original sample has been out-of-scope in a typical year. A total sample of 42,000 private sector establishments was selected for the 2004 survey, prior to accounting for losses due to nonresponse and out-of-scope cases.

For more information on this survey, see MEPS Methodology Reports 6, 8, 10, and 14 and the MEPS-IC Technical Appendix, which are available on the MEPS Web site (www.meps.ahrq.gov).

Suggested Citation

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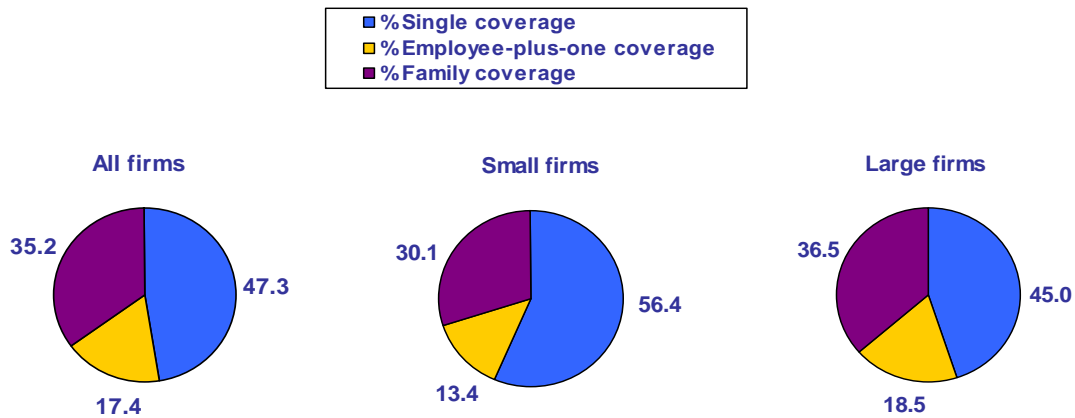
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please e-mail us at mepspd@ahrq.gov or send a letter to the address below:

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Figure 1. Percentage of enrolled employees with single, employee-plus-one, and family health insurance coverage, by firm size, private sector, 2004

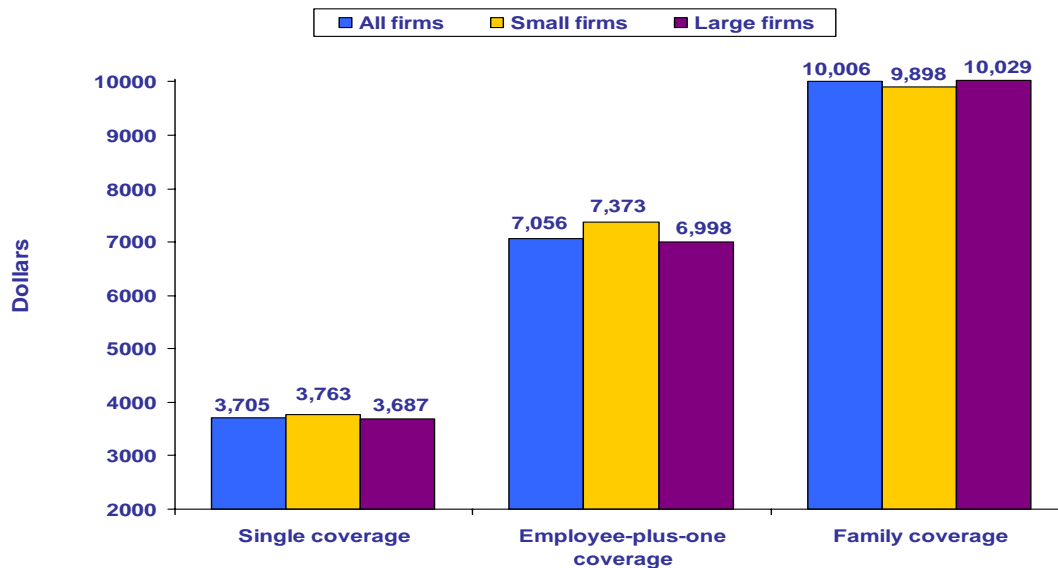


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



Figure 2. Average total premium per enrolled employee, by firm size, private sector, 2004

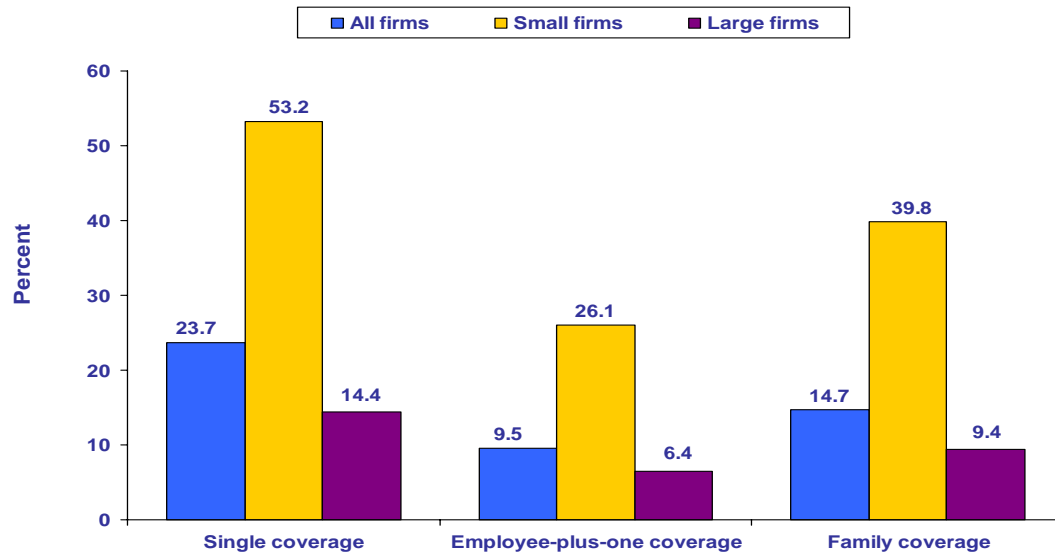


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



Figure 3. Percentage of enrolled employees making no contribution toward health insurance premium, by firm size, private sector, 2004

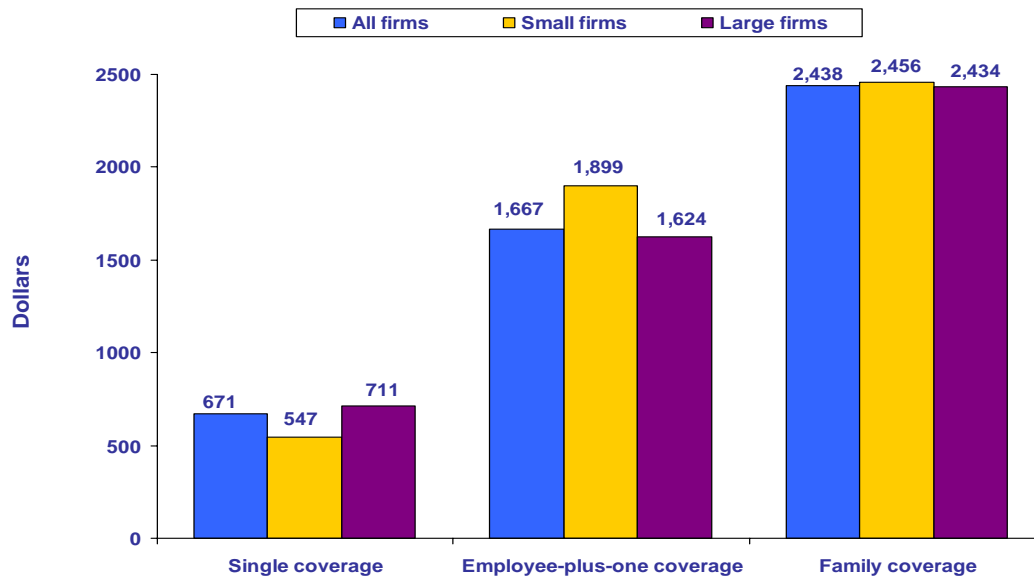


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



Figure 4. Average employee contribution per enrolled employee, by firm size, private sector, 2004

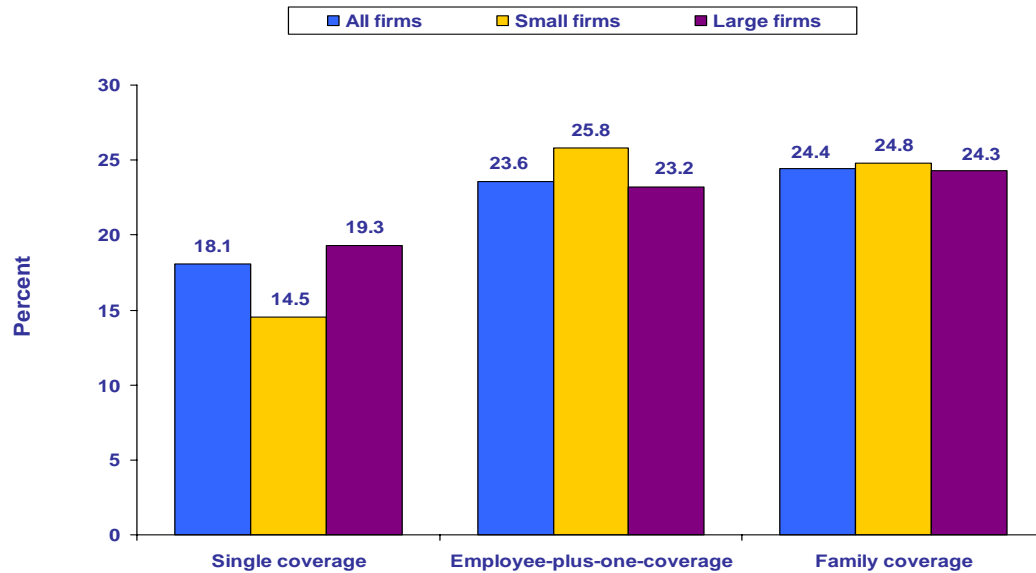


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



Figure 5. Percentage of total premium paid by enrolled employees, by firm size, private sector, 2004



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004